Long Term Fiscal Stability Commission

October 14th, 2009



Presenters

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Need for reform in Colorado

- •System delivery
- •Health Status/Value for the dollar
- •Organizational issues



Phased Approach

- •Used what was already in place
- •Building blocks to health care reform
- •Key initiatives
- •Key legislation
- •Key changes at agency



Question #1

What is the department's current funding level and what, if any consequences have there been to the department's mission as a result of budget cuts?

FY08-09: \$3.8 B



Response

Criteria for budget balancing request:

- 1. Protected most vulnerable clients
- 2. Protected access to services
- 3. Minimize negative impact on providers
- 4. Maintain Eligibility



Question #2

What minimum funding level is needed to maintain department's current level of service?



Response

Total Budget, at least: \$3.9 B plus 5%

- 1. Maintains status quo
- 2. Includes mandatory and optional services
- 3. If optional services are not provided then savings will be decreased or eliminated



Question #3

What is the funding level that would be needed to provide highest quality services for the people of Colorado so that we may have a quality state to live and do business?



Response

Total budget: for FY09-10 our appropriation is approximately \$3.9B

Current administration amount is between 3.33 to 3.8%

Industry average ranges from 12% to 24%



For your consideration

- 1. What is state trying to accomplish
- 2. People not covered will still get care at a premium
- 3. Value for the dollar
- 4. Spreading risk
- 5. Multiple year budgeting



Fundamentals of Medicaid



Medicaid's Origin

- •Enacted in 1965 as companion legislation to Medicare (Title XIX)
- •Established as means-tested program where eligibility is determined by income
- •Provided federal matching grants to states to finance care
- •Focused on single parents with dependent children, elderly, blind, disabled
- •Included mandatory services and options for broader coverage

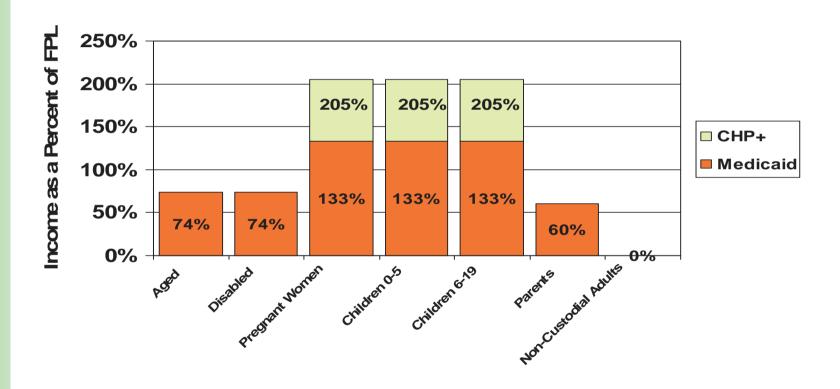


Primary Funding Sources

- •Federal 50%
- •State 50%
- •Colorado Healthcare Affordability Act (HB09-1293)
- •Health Resources and Services Administration (HRSA)
- •American Recovery and Reinvestment Act

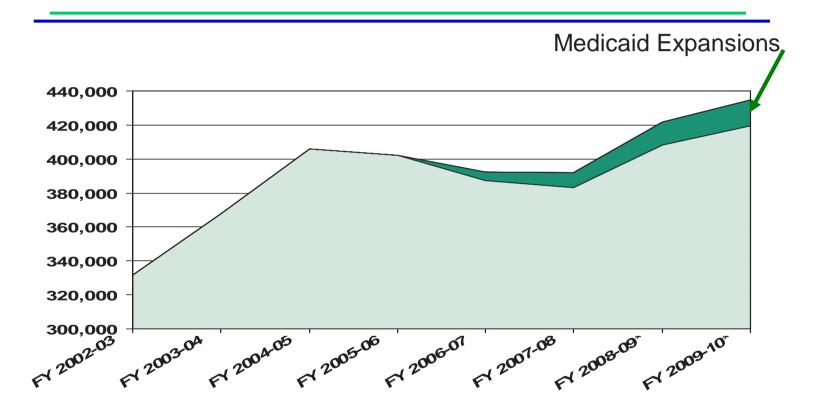


Eligibility for Colorado Medicaid and CHP+



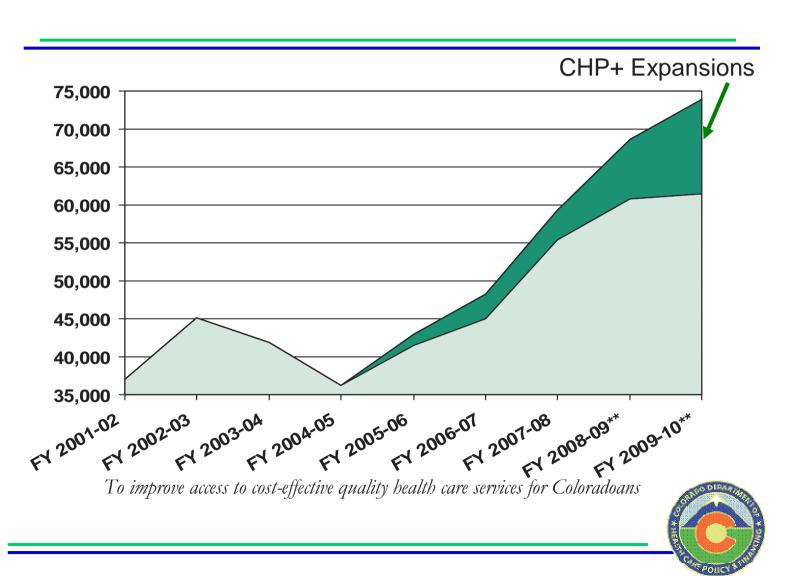


Medicaid Caseload

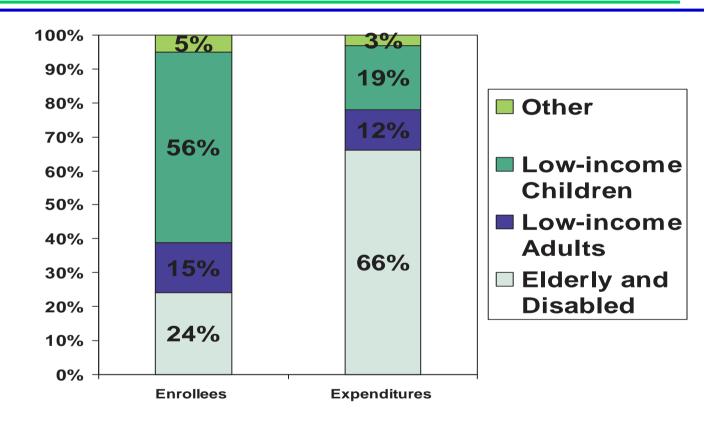




Child Health Plan Plus Caseload



Medicaid Enrollees and Expenditure by Enrollment Group, FY 07-08





Health Status



Colorado's Health Ranking

2008 OVERALL RANK: 19th (drop of 3 positions in one year) Strengths:

- Low prevalence of obesity
- Low levels of air pollution
- Low rate of preventable hospitalizations
- Low rates of cancer deaths and cardiovascular deaths

Source: America's Health Rankings 2008, www.americashealthrankings.org



Colorado's Health Ranking

2008 OVERALL RANK: 19th (drop of 3 positions in one year)

Challenges:

- High geographic mortality disparity within the state
- High rate of uninsured population

Significant Changes:

- In the past year, the violent crime rate decreased by 11%
- In the past year, per capita public health funding increased by 34%
- In the past five years, immunization coverage increased by 25%
- Since 1990, the percentage of children in poverty declined by 42%

Source: America's Health Rankings 2008, www.americashealthrankings.org



Colorado's Health Ranking, cont.

- Overall and Dimension Ranking: 22
- Access: 35
- -Adults and children insured
- Quality: 30
- Recommended screenings and preventive care for adults and children
- Usual source of care for adults and children
- Appropriate care
- Patient satisfaction

Source: Commonwealth Fund State Scorecard on Health System Performance, 2007



Colorado's Health Ranking, cont.

- Avoidable Hospital Use and Costs: 15
 - -Hospital admissions and ER visits for pediatric asthma
 - -Hospital readmissions
- Equity: 43
 - -Differences in performance associated with patients' income level, type of insurance, or race or ethnicity



Colorado's Health Ranking, cont.

- Healthy Lives: 2
 - -Mortality
 - -Infant mortality
 - -Breast and colorectal cancer
 - -Limited activities

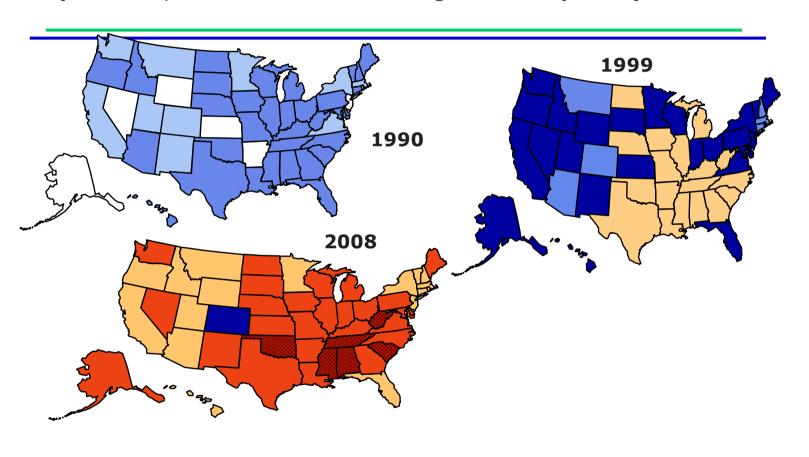
Source: Commonwealth Fund State Scorecard on Health System Performance, 2007



Obesity Trends* Among U.S. Adults

BRFSS, 1990, 1999, 2008

(*BMI ≥30, or about 30 lbs. overweight for 5'4" person)



To improve access to cost-effective quality health care services for Coloradoans

Data

<10%

10%–14%

15%–19%

20%–24%

25%-29%

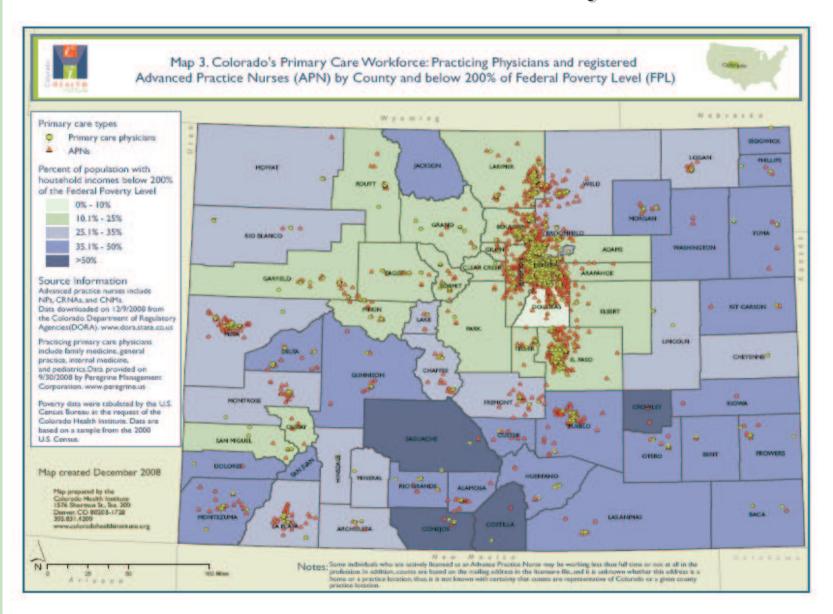


Health Outcomes

- Thinnest state in country but low income children have 3 times the obesity rate as higher income children
- Smoking rates double state average for adults with Medicaid
- Nursing home bed days trending down and less expensive community services trending up
- Medicaid inpatient hospital costs stable, but ER and outpatient trending up



Provider Availability



Reform Vision

Stakeholder Collaboration

Enhanced Enrollment Structure Appropriately
Defined
Benefits

Accountable Care Coordination Health Outcome Evaluation Supportive Payment System

Transformed Cost-Effective Public Insurance Programs

Improved Client Health and Functioning, Self-sufficiency



Internal Performance Improvements

- Balanced scorecards for all offices with key performance metrics for health, cost, satisfaction, access
- Internal audit function
- Contract management improvement
- Financial management system
- Project management tracking tool
- Legislative implementation status



Health Initiatives

Upcoming activities to:

- Reduce readmission rates
- Reduce emergency room rates
- Reduce preventable hospitalizations



Health Initiatives

Anticipate activities related to achieving:

- Lower child and adolescent obesity
- Lower adult tobacco use
- Lower adolescent depression rates



Current Programs/Initiatives

- Provide a Medical Home to <u>all</u> Medicaid and CHP+ kids
- Make it easier for families to enroll in public programs by modernizing eligibility determinations
- Increased Medicaid reimbursement for primary care, oral care and hospitals (07-08)
- Improve mental health benefits in CHP+
- Preferred Drug List (PDL)



Current Programs/Initiatives

- Colorado Accountable Care Collaborative (ACC)
- Colorado Pharmacy, Technical and Pricing Efficiencies
- Benefits Collaborative
- Medicaid Program Efficiencies (\$30M in budget balancing)
- Colorado Healthcare Affordability Act



Current Programs/Initiatives

- Health Resources and Services Administration (HRSA)
- Colorado Center for Improving Value in Healthcare (CIVHC)



Closing

Thank you

